



FEDERAL ELECTION COMMISSION
Washington, DC 20463

November 23, 1998

Mary Catherine Malin, Esquire
Office of Diplomatic Law and Litigation
Office of the Legal Advisor
United States Department of State
Washington, D.C. 20520

RE: MUR 4583

Dear Ms. Malin:

The Federal Election Commission has determined to refer this matter to the United States Department of Justice for its consideration pursuant to 2 U.S.C. § 437g(a)(5)(C). We will be forwarding them the file in this matter. Attached is a letter to be forwarded to the Embassy of India informing them of the referral. Thank you for your assistance.

Sincerely,

A handwritten signature in cursive script that reads "Dominique Dillenseger".

Dominique Dillenseger
Attorney

Attachment

BT+0 463 40 66



FEDERAL ELECTION COMMISSION
Washington, DC 20463

November 23, 1998

James K. Robinson, Assistant Attorney General
Criminal Division
Department of Justice
P.O. Box 27321
Washington, D.C. 20530

RE: MUR 4583

Dear Mr. Robinson:

This letter is to notify you that on November 9, 1998, the Federal Election Commission found probable cause to believe that the Embassy of India and Davendra Singh knowingly and willfully violated 2 U.S.C. §§ 441e and 441f. The Commission also determined to refer such apparent violations to the Department of Justice pursuant to 2 U.S.C. § 437g(a)(5)(C) and the Memorandum of Understanding between the Department and the Commission.

In 1996, the Department of Justice initiated a criminal investigation and prosecution of Lalit Gadhia. Mr. Gadhia pled guilty to causing a false statement to be made to the Commission in connection with reports that were filed by various political committees listing funds contributed in the name of another. Subsequently, the Commission, in MUR 4582, investigated Mr. Gadhia, several solicitors, and the numerous conduits involved in the reimbursement scheme. The Commission eventually settled the matter with several of the respondents and closed MUR 4582 in March 1998.

At the same time it was investigating MUR 4582, the Commission, in MUR 4583, was investigating the Embassy of India and Minister Singh pursuant to information that the funds used for the illegal contribution scheme Mr. Gadhia carried out were provided by Davendra Singh, the then Minister for Personnel and Community Affairs at the Embassy of India in Washington, D.C., and that Mr. Gadhia sent documents in connection with this scheme addressed to Minister Singh at the embassy. Under 2 U.S.C. § 441e, foreign nationals and foreign states, (*see* 22 U.S.C. § 611(b)), are specifically prohibited from making political contributions and participating in or controlling the election-related activities of a person or organization.

James K. Robinson
Page 2

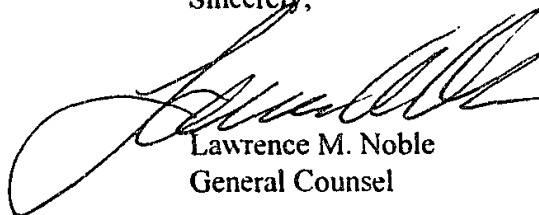
The investigation of this matter revealed that Minister Singh initiated the reimbursement scheme in which he supplied over \$40,000 to Mr. Gadhia for the purpose of channeling the money to candidates in the 1994 federal elections, which funds were used to reimburse numerous individuals for campaign contributions to various political committees. The embassy, itself, never provided any useful information or documentation despite its promise to cooperate with the investigation and the Commission's efforts through correspondence to the embassy and through discussions with the U.S. Department of State to have the embassy address the issues raised in this matter. The enclosed General Counsel's Brief sets out the factual and legal analysis in this matter and discusses the bases for the inference that the money Minister Singh supplied to Mr. Gadhia came directly or indirectly from the Government of India and for the conclusion that Minister Singh was acting as an agent for the Government of India.

Contributions in the name of another and foreign national contributions are serious violations of the Act. These violations involve deception in the use of straw donors to hide foreign contributions and to evade contribution limits. The seriousness of these violations is evidenced by the prosecution under U.S. criminal laws of Mr. Gadhia, the U.S. citizen most responsible for this scheme. This matter is particularly serious and sensitive because of the knowing and willful nature of the violations and because of the involvement of a foreign government in the making of over \$40,000 in illegal contributions to U.S. federal elections. Because of the gravity of the circumstances, the Commission has determined not to pursue Post-Probable Cause Conciliation at this time and instead, has referred this matter directly to the Department of Justice.

I offer our assistance to you in this matter in any manner you deem appropriate. We are enclosing for your information the General Counsel's Brief and the General Counsel's Report recommending probable cause. Please inform us if you need any additional information.

Please advise us of the status and disposition of this matter in accordance with 2 U.S.C. § 437g(c). If you have questions, please contact Lois Lerner, Associate General Counsel, at (202) 694-1650.

Sincerely,



Lawrence M. Noble
General Counsel

Enclosures
General Counsel's Brief
General Counsel's Report

0240 "46" 40" 66
99.04.394.0420